弘毅文化集團
HONY MEDIA GROUP

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 419)

INSIDE INFORMATION
CHANGE IN USE OF PROCEEDS FROM THE ISSUE OF THE CONVERTIBLE BONDS AND PROFIT WARNING

This announcement is made by Hony Media Group (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to the announcement of the Company dated 7 March 2024 in relation to the proposed issue of the Convertible Bonds under the General Mandate and the announcements of the Company dated 21 March 2024 and 26 March 2024 in relation to completion of the issue of the Tranche A Bonds and Tranche B Bonds (the "**CB Announcements**"). Terms defined in the CB Announcements shall have the same meaning when used in this announcement, unless the context otherwise requires.

CHANGE IN USE OF PROCEEDS FROM THE ISSUE OF THE CONVERTIBLE BONDS

The Subscriber has agreed to defer the due date of any currently outstanding and future interests in relation to the Convertible Bonds payable/to be payable by the Company to the Maturity Date of the Convertible Bonds.

As disclosed in the CB Announcements, the net proceeds from the issue of the Convertible Bonds, after deduction of related expenses, amounted to approximately HK$118,100,000. As disclosed in the Company's Interim Report 2024, the actual use of the proceeds up to 30 June 2024 is as follows:

Purpose of Proceeds	**Amount Allocated** HK$'000	**Amount Utilized** HK$'000	**Amount Unutilized** HK$'000	**Expected Timeline for utilising the remaining net proceeds**
Digitized operation services in healthcare industry	38,000	38,000	–	N/A
Operation of smart healthcare services platform	12,000	12,000	–	N/A
Payment of Convertible Bonds interests	24,000	9,288	14,712	Expected to be utilized along the interest payment schedule under the Convertible Bonds
General working capital (including settlement of certain other borrowings)	44,100	44,100	–	N/A
Total	**118,100**	**103,388**	**14,712**	

As of the date of this announcement, the unused amount of proceeds allocated to the payment of Convertible Bonds interests remain at approximately HK$14,712,000. In view of the deferral of the payment of Convertible Bonds interests as mentioned above, the Company will change the use of the net proceeds from the issue of Convertible Bonds of HK$14,712,000 from the payment of Convertible Bonds interests to general working capital (including settlement of certain other borrowings). The Company currently expects that the whole of unutilized amount will be fully utilized by 30 June 2025. The Board considers that such change in use of proceeds allows the Company to deploy its financial resources more flexibly and effectively and aligns with the current business needs of the Group. The Board believes that the change in use of proceeds will not have any material adverse effect on the existing business and operation of the Group and is in the interests of the Company and the Shareholders as a whole.

PROFIT WARNING

The Board wishes to inform shareholders of the Company and potential investors that, based on the Group's preliminary unaudited assessment for the year ended 31 December 2024, the Group is expected to record a loss for the year ended 31 December 2024 of approximately HK$177 million (2023: HK$125 million). The increase in loss for the year was mainly attributable to:

1) Provision for impairment of interest in HB Entertainment of approximately HK$76 million (2023: Nil) has been recognized for the year ended 31 December 2024. The incurrence of significant amount of impairment provision for the year is mainly attributed to the following reasons:

   - There was a general downward trend in the valuation of entertainment-related listed companies in the Korean market during the year. This is evidenced by the significant drop of average enterprise value-to-revenue ratio based on a pool of comparable listed companies within the same industry of HB Entertainment from 3.2 as at 31 December 2023 to 2.05 as at 31 December 2024; and

   - HB Entertainment has produced two TV dramas in 2023, while by end of 2024 there was only one TV drama being completed substantially (which was premiered in January 2025). This led to a drop in revenue of HB Entertainment which is one of the key parameters for determination of recoverable amount.

2) Finance cost for the year increased to approximately HK$18 million (2023: HK$4 million), mainly attributable to the incurrence of interest expense on convertible bonds issued in March 2024.

The above factors accounted for an increase in loss for the year by approximately HK$90 million. Should such factors be excluded, there would be a decrease in loss for the year of approximately HK$38 million which was mainly attributed to the significant reduction of segment loss of Meerkat Health operation to approximately HK$7 million (2023: segment loss of approximately HK$45 million) resulting from the completion of its organizational restructuring in early 2024.

As the Company is still in the process of finalizing the annual results for the year ended 31 December 2024, the information contained in this announcement is based on information that is currently available and the preliminary unaudited consolidated management accounts of the Group for the year ended 31 December 2024 which have not yet been reviewed by the Company's audit committee and have not been reviewed by the Company's independent auditor. The annual results for the year ended 31 December 2024 are expected to be published on 31 March 2025.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Hony Media Group
HAU Wai Man, Raymond
Company Secretary

Hong Kong, 27 March 2025

As at the date of this announcement, the Board comprises:

Mr. ZHAO John Huan[2] *(Chairman), Mr. CHENG Wu*[1] *(CEO), Mr. YUEN Hoi Po*[1] *(President), Mr. YUEN Kin*[3] *, Mr. CHU Yuguo*[3] *, Ms. WANG Song Song*[3] *and Ms. PAN Min*[3]

[1] Executive director
[2] Non-executive director
[3] Independent non-executive director